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INTRODUCTORY COMMENTS

U.S. - Mexico Relations: A Need for Mutual Understanding

*by Ambassador Julian Nava**

It is significant that the *Case Western Reserve Journal of International Law* has devoted a major portion of this issue to the legal questions which affect U.S.-Mexican economic relations. The complex relationship between the United States and Mexico involves an ever-increasing flow of goods, people and ideas. The broad picture is known to most students of U.S.-Mexican relations but it is the detailed and specific elements which make the relationship work that are not always understood.

The articles that appear in this issue encourage us to focus on the complex factors which shape our present system of international relations and serve to remind us that our relationship with Mexico, as with other nations, is governed by law in many important areas. And as relations between the United States and Mexico continue to grow in number and character, the law must expand to provide a framework of order in our dealings with this important neighbor.

The themes of the articles also point unmistakably to the existence of a close relationship between economic development and national policies affecting trade and commerce. Without maintaining simplistically that societies are governed or motivated by economic forces, it is nevertheless true that few things are more important. For the Mexican leadership, national economic development has the highest priority, and it is in this context that U.S. investment in Mexico and all other aspects of economic relations between the two countries occur.

Two other characteristics of U.S.-Mexican economic relations merit general comment, for they place additional responsibilities on the specific legal system being examined here. First, with respect to trade policies, Mexico has shown a preference for bilateral arrangements. Second, a remarkable growth in trade activity between the United States and Mexico is occurring. The United States is Mexico's best customer, while Mexico has advanced from fifth place in 1978 to fourth place in 1979 as a United States trade partner. This year or next, Mexico will probably move up to

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third place, after Canada and Japan. In dollar terms, the 1979 trade between the two countries totalled \$19 billion, up 43 percent over 1979. In this dynamic situation, the laws governing bilateral economic relations must constantly respond to new realities and be ready to change to meet new needs.

As the U.S. Ambassador to Mexico, I see a very intimate relationship between the development of modern Mexican nationalism and economics. The Mexican revolution of 1910 was a political, economic and social revolution. The revolution had major implications for the role of the government in the development of Mexico's economy, in promoting social justice and in shaping a national consciousness. In a recent remark, President José López Portillo pointed out that the state, in Mexico, has had to create a sense of nationality. He added that this task required a tremendous effort because Mexico is a country of contrasts, with many roots and social differences.

In Mexico's economic life, it is taken for granted that the government should guide and control economic development. As a result, foreign involvement in Mexico's economic life has undergone an evolution over the past 100 years. Current policies stand in sharp contrast to the *laissez faire* attitude epitomized by the long era of Porfirio Díaz (1880-1910), when foreign investors operated in Mexico as they pleased. The environment in which foreign investors operate today represents the efforts of post-revolutionary Mexico to gain control progressively over foreign investment and preserve advantages for Mexican citizens.

Mexican laws on taxes, property ownership, control of enterprises and patents are all now guided by the assumption that Mexican national interests are paramount. The realistic and fair implementation of Mexico's laws has brought in a new type of foreign investor who accepts these laws. The economic growth of Mexico, especially in recent years, has been attractive to foreign investment, and this, in turn, has contributed capital, technology, and new business techniques for Mexican economic development.

Due to spectacular discoveries of oil, Mexico is on the threshold of becoming a giant on the world energy scene. Its oil resources have a clear impact on Mexico's economic development policies and on its trade relations with other countries, including the United States. Our country buys 70 percent of Mexico's oil. While oil is an important component of U.S.-Mexican energy relations, it is only one part of the picture. Looking ahead to the 1980's, there is much promise in the development of innovative technologies to apply to new as well as to traditional energy resources.

Cooperative efforts from which mutual benefits can be reaped are already underway between the two countries. Exchanges of information, scientific meetings and conferences are taking place in such energy areas

as fossil fuels, wind, solar and geothermal energy. Joint projects in alternate energy sources are also under serious consideration.

The areas of interdependence suggest that the future of U.S.-Mexican relations will go far in determining the conditions of life in both countries. Each is essential to the other and our histories are interwoven at many points. While the legacy of the past has its dark moments, it is not a reflection of current or future possibilities. Thoughtful and forward-looking Mexican leaders are aware of the prospects that greater cooperative efforts can bring to both countries. These leaders are willing to enter into new forms of partnership with the United States in areas that affect all aspects of life in the two countries. Similarly, the leadership in the United States is looking at U.S.-Mexican relations in a constructive manner. Thus, the international law which governs this relationship should be able to grow and evolve into a more effective instrument for pursuing a positive relationship between the two countries.

